

In re CHS Electronics, Inc.
Case No. 00-12731-BKC-RAM
(Cite as: 261 B.R. 538)

Shareholders asserting securities fraud claims against Chapter 11 debtor's officers and directors moved for entry of order approving proposed settlement. Electing to treat shareholders' motion as motion for relief from stay, to allow shareholders to seek approval of settlement in district court where securities fraud action was pending, the Court held that: (1) where officers' and directors' liability coverage obtained by Chapter 11 debtor extended only to exposure of officers and directors and was payable only for their benefit, it was directors and officers, not bankruptcy estate, that had property interest in liability proceeds, and such proceeds were not included in "property of the estate"; and (2) to limited extent that stay applied, on theory that payment of claims against debtor's officers and directors would reduce coverage available to debtor in indemnification claims, automatic stay would be lifted.